

guidance and exam procedures for banks doing business with cannabis-related legitimate businesses. Explicit, consistent direction from federal financial regulators will provide needed clarity for banks and help them better evaluate the risks and supervisory expectations for cannabis-related customers. The SAFE Banking Act is not a cure all for the cannabis banking challenge, but it is a measure that helps clarify many issues for the banking industry and regulators.

ABA is pleased to support the SAFE Banking Act and urges the House Financial Services Committee to approve this legislation and for the full House of Representatives to quickly consider this important measure.

Sincerely,

ROB NICHOLS.

AMERICAN FINANCIAL
SERVICES ASSOCIATION,
March 16, 2021.

Hon. NANCY PELOSI,
Speaker of the House,
House of Representatives, Washington, DC.
Hon. KEVIN MCCARTHY,
Minority Leader,
House of Representatives, Washington, DC.

DEAR SPEAKER PELOSI AND MINORITY LEADER MCCARTHY: The American Financial Services Association (AFSA) writes to express its strong support for the Secure and Fair Enforcement (SAFE) Banking Act of 2021.

The SAFE Banking Act, sponsored by Representatives Ed Perlmutter (D-CO), Nydia Velázquez (D-NY), Steve Stivers (R-OH) and Warren Davidson (R-OH), had strong bipartisan support in the 116th Congress with 206 cosponsors, and passed the House 321-103. This legislation includes an important provision ending Operation Choke Point. Specifically, it prohibits a federal banking agency from ordering a bank to terminate a banking relationship with a legal business unless there is a valid reason that is not based solely on reputational risk.

The ostensible intent of Choke Point program was to prevent criminal fraud. However, in actuality, federal officials pressured banks to close accounts of businesses operating within state and federal law without legal recourse or due process solely because the officials were ideologically opposed to the businesses' existence. Under Operation Choke Point, businesses that were operating legally suddenly found banks terminating their accounts, in some cases accounts that the business had had for years, without explanation. While the program was targeted at gun dealers and payday lenders, other businesses, such as installment lenders, were also affected. No legal business should be targeted solely based on the political bias of a particular administration.

Even after Operation Choke Point officially ended, its effects remained. Financial services companies that are licensed and regulated still had their accounts closed with very little explanation. Legitimate bank customers, like traditional installment lenders, which have provided safe and affordable small-dollar credit to consumers in their communities for over a century, deserve fair access and fair treatment by federal banking agencies.

Limiting the availability of lawful goods and services to consumers in an attempt to punish politically disfavored businesses harms consumers and sets a bad precedent. Government initiatives must be carried out on solid legal ground, not political bias. We urge members of the House of Representatives to support the SAFE Banking Act.

Sincerely,

CELIA WINSLOW,
Senior Vice President,
American Financial Services Association.

PERSONAL EXPLANATION

HON. JODEY C. ARRINGTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 21, 2021

Mr. ARRINGTON. Madam Speaker, unfortunately, I was unable to be present for one of the votes.

Had I been present, I would have voted NAY on Roll Call No. 123.

SECURE AND FAIR ENFORCEMENT BANKING ACT OF 2021

SPEECH OF

HON. WARREN DAVIDSON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 19, 2021

Mr. DAVIDSON. Mr. Speaker, I include in the RECORD the following letters of endorsement for H.R. 1996, the SAFE Banking Act of 2021.

ARIZONA DISPENSARIES ASSOCIATION,
17 March 2021.

Hon. ED PERLMUTTER,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE PERLMUTTER: The Arizona Dispensaries Association would like to thank you for your leadership as you move forward with the reintroduction of the Secure and Fair Enforcement (SAFE) Banking Act. With an eye to economics and public safety, we consider this legislation to be essential to the businesses we represent.

Cannabis businesses transact solely in cash, amounting to billions of dollars in cash transactions each year, which poses significant public safety concerns. The Arizona cannabis program alone, which is the fourth top cannabis paradigm within the United States, garnered over \$1 billion in sales in 2020. Within the first ten days of recreational cannabis sales, Arizona businesses garnered at least \$2.9 million. With over \$1 billion in sales in 2020, received almost exclusively in cash payments, and an expanding recreational cannabis market, Arizona businesses must then use this cash to pay employees and taxes. Arizona cannabis businesses paid \$500,000 in excise taxes from the \$2.9 million earned from those first ten days of recreational operations in January. With an influx of cash to cannabis operators, obtained in an extremely short period of time, businesses can face difficulty in transporting taxation payments to local tax offices. This example underscores the immense challenges cannabis operators undergo due to cash only transactions.

The reliance on cash transactions causes reason for safety concerns of not only industry employees, but also the communities which they serve. As cannabis businesses operate using cash transactions, it is necessary to keep large amounts of cash on the premises. Aware of this fact, criminal actors targeted cannabis businesses for burglaries across the country in the spring of 2020. Members of the Arizona Dispensaries Association were targeted for these break-ins, resulting in significant financial losses not only due to theft, but also as a result of the accompanying property damage. SAFE Banking would enhance the safety of industry employees and the communities in which cannabis businesses operate by allowing businesses to drastically reduce the amount of cash on hand, lessening the chances of

cannabis businesses being targeted for this type of criminal activity. Additionally, with the ability to process payments electronically, there is a more detailed and accurate accounting of business activity, increasing the potential for increased tax revenue over the long term.

Nationwide, the cannabis industry's four-year job growth rate is an astounding 161%. The Arizona cannabis industry alone employs 20,000 individuals, with over 5,000 of those opportunities being created within 2020, which is especially noteworthy considering the far-reaching impacts of the COVID pandemic. As the SAFE Banking Act creates a safe harbor for financial institutions to bank the proceeds of state-legal cannabis businesses, its enactment is critical not only for Arizona's cannabis industry to continue to grow at an exponential rate, but to also contribute to the State of Arizona's economic recovery during the aftershocks of the pandemic.

SAFE Banking addresses many concerns ranging from economic viability to public safety, not only with bipartisan support, but with a neutral impact on the budget. Arizona Dispensaries association is prepared to work together to advance this legislation into law in the 117th Congress.

Best regards,

SAM RICHARD,
Executive Director,
Arizona Dispensaries Association.

ABIR,
April 19, 2021.

Hon. ED PERLMUTTER,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE PERLMUTTER: I am writing on behalf of the Association of Bermuda Insurers and Reinsurers (ABIR), which represents the public policy interests of Bermuda's leading insurers and reinsurers and make up over 35% of the global reinsurance market based on property & casualty net premiums earned. ABIR members employ over 43,000 Americans in the U.S. and protect consumers around the world by providing affordable and accessible insurance protection and peace of mind.

ABIR writes in support of H.R. 1996, the SAFE Banking Act, and to thank you for your leadership on this issue.

As you know, the current lack of harmonization between federal and state laws on cannabis banking deeply affects insurers and reinsurers. We support Congress addressing this important issue for all financial services providers and specifically and applaud the inclusion of insurance and other financial products or services insurers in the SAFE Banking Act.

Similar to other financial services providers, insurers are being forced to restrict providing insurance and other financial products or services to people working in state-legal cannabis jobs simply due to the source of their paycheck. The SAFE Banking Act would allow the financial services industry to serve the cannabis industry and will result in greater transparency for the state-legal operators.

Thank you for your leadership on this narrowly tailored yet profoundly important issue, and we look forward to working with you and your colleagues as legislation moves forward.

Sincerely,

JOHN M. HUFF,
President & CEO.

CANNABIZIL,

Hon. ED PERLMUTTER,
House of Representatives,
Washington DC.

DEAR CONGRESSMAN PERLMUTTER: The Cannabis Business Association of Illinois (CBAI)